



WASHINGTON STATE DEPARTMENT OF
Natural Resources

FOREST BIOMASS INITIATIVE

REQUEST FOR LETTERS OF INTEREST (ID # 0001)

Purpose: This Request for Letters of Interest (RFLOI) is the first step in Washington State Department of Natural Resources' (DNR) Forest Biomass Initiative.

The purpose of the solicitation is to:

- Identify potential forest biomass pilot projects and partners

SCHEDULE

The following is a schedule of steps involved in the identification of potential projects and partners:

- DNR issues RFLOI ID # 0001: *July 21, 2009*
- Deadline for submission of Letter of Interest: *August 21, 2009, 5:00 pm*
- DNR receives evaluation of proposals from the Advisory Evaluation Taskforce: *September 18, 2009*
- DNR announces potential pilot projects and partners: *September 30, 2009*

INTRODUCTION

DNR is inviting your organization to submit a letter of interest to participate as a partner with DNR in forest biomass pilot projects.

BACKGROUND

The 2009 Washington State Legislature authorized DNR, through HB 2165, to develop and implement forest biomass energy demonstration projects, one east of the crest of the Cascade Mountains and one west of the crest of the Cascade Mountains. The Legislature further authorized DNR to accomplish the pilot projects by forming partnerships with other entities. DNR was authorized to seek funds from the federal government and other avenues.

DNR's goals are to use the Forest Biomass Initiative to:

- Foster the use of forest biomass for “renewable” or “green” energy, by helping to identify, evaluate, and overcome barriers related to biomass harvest, energy production, and marketing. The biomass projects could include the conversion of biomass into liquid fuel, heat, electric power, or other products using emerging and established technologies.
- Use the Forest Biomass Initiative to encourage innovative forest biomass technologies and business models to demonstrate viability and show a path to rapid scale-up in Washington State.

After the selection process, DNR will work with selected partners to develop plans for implementation of pilot projects.

BENEFITS DNR BRINGS TO THE PARTNERSHIP

DNR brings the following benefits to partners:

- Help to increase public awareness of forest biomass energy development potential.
- Offer networking opportunities for partners.
- Provide potential source of reliable biomass supply for partners.
- Provide potential resource leveraging in a public-private partnership.

ADVISORY EVALUATION TASKFORCE

DNR will submit all Letters of Interest it receives to an advisory evaluation taskforce consisting of representatives from industry; environmental groups; state, local, federal, and tribal governments; and citizens. The advisory evaluation taskforce will consider only information submitted to DNR in response to this RFLOI and any additional, follow-up information requested by DNR. The task force will provide DNR with an assessment of each prospective partner's or pilot project's strengths and weaknesses. To avoid conflicts of interest, taskforce members are ineligible to submit Letters of Interest.

PART 1 –REVIEW PROCESS

Letters of Interest will be evaluated in 3 broad areas.

1.1. Threshold Eligibility

The following are eligibility criteria for both partners and potential pilot projects:

1.1.1. Eligible Partners

The following are eligible to apply for the Forest Biomass Initiative:

- Biomass Suppliers
 - Forestland Owners: Entities that own or manage forest land in Washington State that can provide a long-term supply of biomass

- In-Forest Biomass Processors: Owners of forest biomass harvesting, collection, preprocessing, transport, and storage facilities; owners of equipment that can reliably process forest biomass.
- Biomass Users
 - Prototype Scale Biomass Conversion Technology Owners: Early-stage ventures or established companies in the process of developing biomass energy technology in prototype form. Included in this category are investment funds that are seeking to demonstrate new forest biomass energy technologies or service models.
 - Production Scale Biomass Energy Production Facility Owners: Companies that own or are in the process of developing a production-scale biomass energy production facility that can utilize forest biomass.

1.1.2. Eligible Projects

Eligible projects use or propose to use forest biomass for near-term commercial scale production in Washington State. Projects may range from forest biomass harvest to final product or service delivery. Projects should:

- Use innovative technologies or service delivery models to be deployed either as a prototype or at production scale to generate liquid fuels, heat and/or electricity, or
- Use technologies that involve products or services which promote, enhance or advance:
 - Efficiency in use (e.g. efficient in-forest biomass processing system).
 - Reduce negative environmental effects such as greenhouse gas emissions, or
- Are capable of demonstrating a clear path towards deployment at commercial scale within two or three years.

DNR has a particular interest in projects that use fast pyrolysis mobile units to process forest biomass to produce liquid fuels.

1.2. Evaluation

The following four sections will be used to evaluate respondents.

1.2.1. Partnership and Project Plan

The evaluation taskforce will evaluate the quality of the project plan based on the following criteria.

1. To what degree does the applicant have a well-considered plan with a clear schedule to produce tangible results?
2. To what degree does the applicant demonstrate a clear plan for the structure of the proposed partnership?
3. To what degree does the project offer an innovative product or service that could significantly increase market penetration of forest biomass energy?
4. To what extent will the applicant deploy proven technologies and strategies that have a high chance of generating the forecasted amount of liquid fuel, heat, or renewable power?
5. How does the proposed partnership and project plan avoid current working area for biomass collection surrounding existing fixed location biomass energy production sites?
6. To what extent does the applicant demonstrate the financial and management capacity to absorb set-backs to the proposed project plan?
7. To what extent can the project transition to a sustainable business model that will persist and contribute to the growth of the forestry biomass energy sector in Washington?
8. How secure is the source of funds for the proposed project?
9. Is there evidence that the potential partner is familiar with permits and environmental review needed for the project?
10. What process milestones are critical path items that affect the ability to implement the project by December 2010?

1.2.2 Project Team

The evaluation taskforce will review the experience and qualifications of the applicant's project team for their assigned role with the project. The evaluation taskforce will also review the relevant work experience and qualifications for team members as well as the completeness of the team for the proposed work program.

1.2.3 Funding

The evaluation taskforce will assess the applicant's project funding plan and examine the fund coverage for each of the elements of the project.

1.2.4 Project Production

All letters of interest should include an estimate of the average annual output (energy, wood chips, etc.) production from January

2011 to December 2020 and calculate the annual production per \$100,000 invested. The projects will be evaluated and ranked according to their production per dollar invested.

Please include the assumptions for estimates. The estimates should be reported in the following units of measure:

- Production in ethanol, methanol, bio-oil produced (gallons per year).
- Amount of electric generating capacity from other renewable sources installed (MW).
- Amount of heat produced (BTU).
- Amount of wood chips or other processed biomass produced (tons per year).

1.3 DNR Selection

DNR will consider the evaluation taskforce's assessment and make informed partner selection decisions. DNR will select two partners or two sets of partners, depending on the scope of the potential partner proposals that could contribute to at least two forest biomass pilot projects, in eastern and western regions of the State respectively.

DNR will determine the optimal set of partners in a project area, determine the number of distinct projects/areas, and consider additional projects/areas and partners in later phases.

All applicants will be informed of DNR's partner selection decision and potential pilot projects.

PART 2: LETTER OF INTEREST INSTRUCTIONS

2.1 Letter of Interest Instructions

Submit Letters of Interest by *August 21, 2009, 5:00 pm*:

By way of electronic, paper mail, or hand delivery to:

Tony Ifie

Department of Natural Resources

1111 Washington Street SE, 4th Floor Executive Management

Olympia, WA 98504-7001

tony.ifie@dnr.wa.gov;

fax: 360-902-1775

Questions related to this solicitation may be submitted, in written form or by email, to the above address.

Please carefully read these instructions. Due to an anticipated large number of applications, we must strictly enforce the following format rules:

Letters of Interest must follow the specified format. Please do not create your own format. Letters not following this format may not be reviewed.

Reviewers have only a few weeks to read all letters. Please keep your responses simple and focused on the fundamentals. Be concise but fully responsive to all questions.

Whenever possible ground your arguments in facts and data. Make sure all of your numbers add up correctly and that they are adequately labeled.

If a Letter of Interest is submitted in hard copy, the letter and supporting materials should be 2-sided whenever possible and submitted in one packet. Any materials submitted separately may not be considered.

All letters of interest received will be kept confidential until after the announcement of the partner and potential project selection, unless otherwise required to be disclosed under the Public Records Act, Ch. 42.56 RCW (PRA). DNR will provide copies of any public records requests received that relate to materials submitted by any applicant and provide that applicant(s) with an opportunity to seek a protective order in a period of time that allows DNR to comply with its PRA obligations. After partner and potential project selection, all letters of the interest received will be subject to public disclosure upon request.

When in doubt, please ask us questions! Please call Tony Ifie at 360-902-1019, or email at tony.ifie@dnr.wa.gov with any questions you may have.

All materials are available on our website: dnr.wa.gov.

The letter of interest should consist of three parts: a project summary, threshold eligibility information, and project information.

2.2 Project Summary (2 pages maximum)

Please limit the project summary to no more than two pages. Be as concise as possible. The summary should include the following:

1. Type of project – Forest Biomass Supplier, Forest Biomass User.
2. Information for the contact person, should we need more information about your project.
3. The numbers of the state legislative and congressional districts, and county or counties or indicate if it is a statewide project.
4. A brief project description, summarizing what is to be accomplished and the major elements of the project. Include other requirements external to the proposal submitted (i.e. needed from DNR or other project partners).
5. The anticipated funding source(s) for the project.

Please use the following format to provide the project summary:

Project Name	
1. Type of Project (Refer to section 1.1.2 for guidance):	
2. Type of Partner:	<ul style="list-style-type: none"> • Forestland Owner <input type="checkbox"/> • In-Forest Biomass Processor <input type="checkbox"/> • Biomass Conversion Technology Owner <input type="checkbox"/> • Biomass production plant facility Owner <input type="checkbox"/>
3. Partner's Name:	Phone:
Address - Mail:	Fax:
Address - Street:	County:
City, Zip:	Email:
4. Contact Person:	Title: Phone: Fax:
Address - Mail:	
Address - Street:	
City, Zip:	
Email:	
5. State Legislative District(s):	Congressional District(s):
6. County or Counties	
7. Brief Project Description:	
8. Requirements external to the proposal submitted (i.e. needed from DNR or other project partners)	
9. Project Budget:	\$
10. Project Funding Source:	\$

Other documents may be included. Please limit additional materials submitted to the minimum amount necessary to directly support your application:

- Business plan
- Feasibility study
- Evidence of local support
- Description of project/business managers
- For projects that include future construction:
 - Evidence that design engineering is complete (or a schedule for completion)
 - Evidence of authority to use the proposed project site (or what rights will need to be obtained from the owner)

2.3 Threshold Eligibility Information (2 pages maximum)

Please respond to the following questions (This is an opportunity to give more in-depth information compared to those provided under Section 2.2, Project Summary):

1. What type of partner is your company or organization? Refer to section 1.1.1.
2. What is the proposed project? Include the type of project, using Section 1.1.2 as your guide.

2.4 Project Information

The evaluation information consists of project plan, project team, project funding, and energy production information.

2.4.1 Detailed Partnership and Project Plan Schedule and Milestones

There are no specified forms for the partnership and project plan except to provide answers to the questions in Section 1.2.1 and a detailed schedule, with milestones and identification of critical path items. Limit your response to no more than ten pages. Be as concise as possible.

2.4.2 Project Team

Describe the planned project team and team members. Besides a narrative description, please complete the following table. In describing your project team, use Section 1.2.2 as your guide on what to include.

Name of team member	Qualifications	Role on team	Prior Experience working on Similar Projects

2.4.3 Project Funding

List the elements of your project as indicated in your responses to 2.4.1 and show the percentage of each of the elements that are funded. Refer to Section 1.2.3 for further guidance on what to include. Besides a narrative, use the following table to describe your project funding.

Funding Status	Element 1 -----	Element 2 -----	Element 3 -----	Totals
Projected Budget(\$)				
Amount of Funding				
Percentage of Funding				
Are sources committed?	Yes / No	Yes / No	Yes / No	

2.4.4 Project Production

Approximately how much output (energy, wood chips, etc.) will this project produce? Indicate the proposed output per \$100,000 invested. Please include the assumptions for estimates and the methodology used to calculate the estimates. Refer to Section 1.2.4 for further guidance.